

TOWN OF BUENA VISTA, COLORADO

BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2011

TOWN OF BUENA VISTA, COLORADO
DIRECTORY OF OFFICIALS
December 31, 2011

Joel Benson, Mayor
Keith Baker, Mayor Pro Tem

Carrie Carey, Trustee
Duff Lacy, Trustee
Robert Flint, Trustee
Norm Nyberg, Trustee
Jerry Steinauer, Trustee

Key Employees

Sue Boyd, Town Administrator
Mary Jo Bennetts, Town Clerk
Michael J. Hickman, Town Treasurer/Finance Director
Jeff Parker, Town Attorney

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FINANCIAL SECTION

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis (MD&A) provides highlights of the financial activities of the Town of Buena Vista (the Town) and an overview of the financial statements included in this report. We encourage readers to consider this information in conjunction with the basic financial statements and information contained in the notes to the financial statements.

Financial Highlights

- The Town's net assets increased by \$1,175,639 during 2011 compared to 2010 due to a combination of factors including the increase in capital assets, an increase in sales tax revenue and charges for services combined with reduced spending due to position vacancies and delays in some capital projects.
- Total assets on the Statement of Net Assets were \$16,984,665, a \$1,288,428 (8.21%) increase due to an increase in capital assets, an increase in receivables, and an increase in cash in addition to the factors that caused the positive change in net assets. Total assets exceeded liabilities by \$15,679,344.
- Unrestricted net assets of \$4,145,963 as of December 31, 2011 were available to meet the Town's future obligations to citizens, employees and creditors:
 - For government activities - \$2,450,458, an increase of \$307,842 (14.3%)
 - For business-type activities - \$1,685,441, an increase of \$426,787 (33.91%)
 - The unrestricted fund balances were 102.5% and 67.8% of the 2011 operating expenditures budget for government and business-type activities, respectively.
- At December 31, 2011, total fund equity for governmental activities was \$2,816,703, of which \$30,005 was cash held in the Conservation Trust Fund. The total increase in the governmental fund balance during 2011 was \$412,222 (17.14%). The government fund balance sheet excludes the value of capital assets, causing a different financial result when compared to the Statement of Net Assets (as discussed above).
- The total cash and investments balance at December 31, 2011 was \$3,969,009 of which \$2,452,267 was unrestricted. Of the unrestricted amount, \$1,305,524 was available for general government activities and \$1,146,743 was held in funds for business-type activities. Cash held with a fiscal agent totaled \$3,957. Funds designated by the trustees for specific uses are included in unrestricted cash and investments.
- Cash and investments increased \$777,979 primarily due to reduced expenditures. During 2011, debt service required \$98,239 of which \$71,723 was repayment of principal. The Town's business type activities generated an increase of \$153,061 in cash.
- Within the business-type activities of the Town, unrestricted funds available for water operations were increased in 2011 by \$298,732 which can be used for future water obligations, and unrestricted funds for the airport operations were increased in 2011 by \$128,055 due mainly to an increase in fuel sales and flight testing, and expense reductions mainly in professional services.

Overview of the Financial Statements

The MD&A serves as an introduction to the Town's basic financial statements, which are comprised of three components:

- 1) Government-wide financial statements
- 2) Fund financial statements
 - a. Governmental Funds
 - b. Proprietary Funds
- 3) Notes to the financial statements
- 4) Supplementary information

Financial analysis and commentary on both types of financial statement views is included in the MD&A for more information and perspective than the numbers alone provide readers. In addition, the report contains supplementary information to the basic financial statements for more detailed information on some areas of expenditures.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-sector business. Government-wide financial statements combine information for all of the Town's funds that reflect the entire financial picture. The government-wide financial statements consist of the *Statement of Net Assets* and the *Statement of Activities*.

The *Statement of Net Assets* presents all of the Town's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the Town's financial position is improving or deteriorating.

The *Statement of Activities* presents information showing how the Town's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the changes occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future periods (e.g. tax revenues earned but not collected and unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*government activities*) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The Town's governmental activities include general government; public safety; public works; and culture, parks and recreation. Business-type activities include the operations of water and airport.

The government-wide financial statements can be found on pages 3-4 of this report.

Fund financial statements. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Buena Vista, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the Town's funds can be divided into two categories: governmental funds and proprietary funds. The fund financial statements consist of the *Balance Sheet* and the *Statement of Revenues, Expenditures and Changes in Fund Balances* for each type of fund.

- **Governmental funds** are used to account for the same functions reported as *government activities* in the government-wide financial statements. However, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as

well as on balances of spendable resources available at the end of the fiscal year. This information may be useful in evaluating a government's near-term financing requirements.

The focus of governmental funds is narrower than that of the government-wide financial statements; therefore, it is useful to compare the information presented for government funds with similar information presented for government activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the *Balance Sheet* and the *Statement of Revenues, Expenditures, and Changes in Fund Balances* provide a reconciliation to facilitate this comparison between governmental funds and governmental activities as presented in the government-wide financial statements.

The Town maintains three governmental funds, the General Fund, Capital Improvement Fund and the Conservation Trust Fund, for which information is presented separately.

The basic governmental fund financial statements can be found on pages 5-6.

- **Proprietary funds** can be *enterprise funds*, to report the same functions presented as *business-type activities* in the government-wide financial statements, or *internal service funds*, used as an accounting device to accumulate and allocate costs internally among the Town's various functions. The Town maintains one enterprise fund to account for the water enterprise and one for the airport.

Proprietary funds provide the same type of information as the government-wide financial statements in more detail. The proprietary fund financial statements provide separate information for the water and airport operations, which are considered to be major funds of the Town of Buena Vista.

The basic proprietary fund financial statements can be found on pages 8-9 of the report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 13-36 of this report.

Supplementary information. In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information. Included in this report is a budgetary comparison statement for all funds to demonstrate compliance with the budget. Buena Vista's Town council adopts an annual appropriated budget for all its funds.

The budgetary comparison schedules are on pages 37-42 of this report, and the Local Highway Finance Report is included on page 43.

Financial Analysis – Government-wide Financial Statements

This discussion of government-wide financial statements focuses primarily on the key indicator, net assets, and activity that generated increases or decreases in this measurement. The Town's assets exceeded liabilities by \$15,679,344 at December 31, 2011 which is an increase of \$1,175,639 over the prior year close.

Statement of Net Assets. At December 31, 2011, 52.86% of the Town's total net assets are held in the governmental activities and 47.14% are held in the business-type activities, which includes the Water Enterprise and the Airport Enterprise funds. The largest portion of the Town's net assets (71.9%) reflects the investment of \$11,273,433 in capital assets (for example, land, buildings, transportation infrastructure, water infrastructure, and machinery and equipment), net of any related outstanding debt used to acquire those assets. The Town uses these assets to provide services to the public; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CONDENSED STATEMENT OF NET ASSETS

	Governmental	Business-type		Governmental	Business-type	
	Activities	Activities	Total	Activities	Activities	Total
	2011	2011	2011	2010	2010	2010
ASSETS						
Current Assets	\$ 3,296,704	\$ 1,873,846	\$ 5,170,550	\$ 2,851,457	\$ 1,484,898	\$ 4,336,355
Capital Assets	<u>5,567,124</u>	<u>6,246,991</u>	<u>11,814,115</u>	<u>5,621,796</u>	<u>5,738,086</u>	<u>11,359,882</u>
Total Assets	<u>8,863,828</u>	<u>8,120,837</u>	<u>16,984,665</u>	<u>8,473,253</u>	<u>7,222,984</u>	<u>15,696,237</u>
LIABILITIES						
Current Liabilities	576,234	260,128	836,362	446,976	117,038	564,014
Noncurrent Liabilities	<u>-</u>	<u>468,959</u>	<u>468,959</u>	<u>79,123</u>	<u>549,396</u>	<u>628,519</u>
Total Liabilities	<u>576,234</u>	<u>729,087</u>	<u>1,305,321</u>	<u>526,099</u>	<u>666,434</u>	<u>1,192,533</u>
NET ASSETS						
Invested in Capital Assets	5,567,124	5,706,309	11,273,433	5,621,796	5,131,198	10,752,994
Restricted	270,012	-	270,012	172,678	166,698	339,376
Unrestricted	<u>2,450,458</u>	<u>1,685,441</u>	<u>4,135,899</u>	<u>2,152,680</u>	<u>1,258,654</u>	<u>3,411,334</u>
Total Net Assets	<u>\$ 8,287,594</u>	<u>\$ 7,391,750</u>	<u>\$ 15,679,344</u>	<u>\$ 7,947,154</u>	<u>\$ 6,556,550</u>	<u>\$ 14,503,704</u>

An additional 1.72% portion (\$270,012) of the Town's net assets are restricted; \$74,458 is restricted for emergencies (TABOR Reserve), and \$195,554 for improvements to parks, open space and trails within the Town. The remaining \$4,135,899 (26.37%) is unrestricted net assets available to meet the Town's on-going obligations to the public and creditors. Of the unrestricted assets, \$2,450,458 (59.25%) were held for Governmental Activities and \$1,685,441 (40.75%) were held for Business-Type Activities.

Statement of Activities. As the following table illustrates, the Town's total net assets increased \$1,175,639 (8.11%) during 2011. By fund group, governmental activities increased net assets by \$340,439 (4.28%) and business-type activities generated a \$835,200 (12.74%) increase in net assets.

	Governmental Activities		Business-type Activities		Total		Year over Year	
	2011	2010	2011	2010	2011	2010		
Revenues								
Program revenues:								
Charges for services	\$ 136,185	\$ 148,651	\$1,136,560	\$ 949,110	\$ 1,272,745	\$1,097,761	\$ 174,984	15.94%
Operating grants and contributions	53,856	204,237	363,435	25,000	417,291	229,237	188,054	82.03%
Capital grants and contributions	298,754	1,787,776	386,849	1,098,588	685,603	2,886,364	(2,200,761)	-76.25%
General revenues:								
Property taxes	334,360	326,248	-	-	334,360	326,248	8,112	2.49%
Sales taxes	2,046,165	2,402,792	-	-	2,046,165	2,402,792	(356,627)	-14.84%
Other taxes	204,205	79,156	2,207	3,277	206,412	82,433	123,979	150.40%
Investment and other revenue	19,237	25,514	3,265	13,157	22,502	38,671	(16,169)	-41.81%
Total Revenue	3,092,762	4,974,374	1,892,316	2,089,132	4,985,078	7,063,506	(2,078,428)	-29.42%
Expenses								
General government	641,229	595,178	-	-	641,229	595,178	46,051	7.74%
Public safety	771,342	722,814	-	-	771,342	722,814	48,528	6.71%
Community services	142,444	152,850	-	-	142,444	152,850	(10,406)	-6.81%
Public works	652,777	711,107	-	-	652,777	711,107	(58,330)	-8.20%
Culture and recreation	345,939	283,784	-	-	345,939	283,784	62,155	21.90%
Interest on long-term debt	-	375	-	-	-	375	(375)	100.00%
Water	-	-	672,066	617,174	672,066	617,174	54,892	8.89%
Airport	-	-	528,050	451,955	528,050	451,955	76,095	16.84%
Total expenses	2,553,731	2,466,108	1,200,116	1,069,129	3,753,847	3,535,237	218,610	6.18%
Changes in net assets normal operations	539,031	2,508,266	692,200	1,020,003	1,231,231	3,528,269	(2,297,038)	-65.10%
One-Time Changes								
Loss on bad debt	(55,592)	-	-	-	(55,592)	-	(55,592)	
Transfers from General Fund	(143,000)	(185,000)	143,000	185,000	-	-	-	
Changes in Net Assets	340,439	2,323,266	835,200	1,205,003	1,175,639	3,528,269	(2,352,630)	-66.68%
Net Assets - January 1	7,947,154	5,623,888	6,556,550	5,351,547	14,503,704	10,975,435	3,528,269	32.15%
Net Assets - December 31	\$8,287,593	\$7,947,154	\$7,391,750	\$6,556,550	\$ 15,679,343	\$14,503,704	\$1,175,639	8.11%

Governmental activities. Financing for governmental activities was primarily from Town and county sales tax revenues, which provided 66.16% of general fund revenue in 2011. No other income source provided 10% of total government revenue except for property taxes which constituted 10.81% of general fund revenue.

Key elements of the \$340,439 increase in net assets for governmental activities during 2011 and a comparison to 2010 follow:

- Total sales tax receipts decreased \$356,627 (14.84%) over the prior year. However, Town sales tax totaled \$1,088,521 and the Town's allocation of the Chaffee County tax totaled \$705,401, which represented increases of 5.53% and 4.25%, respectively, compared to 2010 (excluding a one-time audit settlement received in 2010). Sales taxes are an indicator of the level of general economic activity in the community which is dependent upon the influx of visitors throughout the year, but especially during the summer months.
- Charges for services (licenses, fees, permits and leases) decreased \$12,466 (8.39%) compared to 2010.
- The Town collects franchise taxes from utility companies, including the providers of gas, electric and cable services. Franchise tax receipts increased \$2,052 (3.5%) due to fluctuations in the utility revenue of the franchisees upon which most of the taxes are based.

- In 2005, a receivable was booked in the amount of \$69,020 for developers fees. The last receipt on that receivable was April 2006. The entity has gone bankrupt, there was not an expectation of collection and therefore, the Town wrote off the receivable in 2011 in the amount of \$55,592.

Business-Type Activities. The money to pay for business-type activities is generated primarily from fees charged for services. Revenue derived from operations is supplemented by grants and capital contributions (including water and system development fees), which provided only 39.65% of all funding in 2011 compared to 53.78% in 2010.

Key elements of the \$835,200 increase in net assets for business-type activities during 2011 compared to 2010 follow:

- Charges for Water services increased \$37,965 (5.26%) due to a three-year annual 3% increase in the water rates effective January 1, 2011 per the Town Municipal Code.
- Charges for services at the Airport increased \$149,485 (65.58%) due to higher fuel and related sales.
- Capital revenue decreased \$373,304 (33.22%) due to a decrease in the capital contributions of water infrastructure from developers, offset by a limited increase in operating grant revenue from the Airport.
- Excluding transfers between funds, total expenses of \$1,200,116 increased by \$130,987 (12.25%) primarily due to rising costs to operate the water and airport in addition to the higher costs associated with higher fuel sales.

Financial Analysis – Fund Financial Statements

As noted earlier, the Town of Buena Vista uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. This section of the report provides a narrative of the fund financial statements.

Governmental funds. The focus of the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town of Buena Vista's financial requirements.

The Town of Buena Vista Governmental Funds consists of the General Fund, the Conservation Trust Fund, and the Capital Improvement Fund.

As of December 31, 2011, the Town of Buena Vista's governmental fund reported combined ending fund equity of \$2,816,703, an increase of \$412,222 compared to December 31, 2010. The unassigned fund equity, which is available for spending at the Town's discretion, represented 63.6% or \$1,792,169 of the fund equity. The balance sheet reflects the categorization of fund balance in accordance with GASB 54, which became effective for the Town's 2011 financial statements.

The General Fund is the Town's primary operating fund. All activities that are not required to be accounted for in separate funds either by state or local ordinance or by a desire to maintain a matching of revenues and expenses are accounted for in this fund. The Statement of Revenues, Expenditures and Changes in Fund Balances shows General Fund revenues exceeded revenues by \$610,743 in 2011. This was the result of personnel vacancies during the year combined with a delay in some capital spending and higher than expected sales tax collections.

The Conservation Trust Fund (CTF) increased fund balance by \$2,296. The CTF receives money from lottery proceeds that are distributed by the state to local governments based on population. In 2011, the Town's Conservation Trust Fund funded 25% of the park supervisor's wages. The Fund Balance as of December 31, 2011 was \$23,203.

Proprietary funds. The Statement of Net Assets and Statement of Revenues, Expenditures and Changes in Fund Balances – Proprietary Funds provides the same type of information found in the government-wide financial statements but in more detail.

Total unrestricted net assets as of December 31, 2011 were \$1,685,441, an increase of \$426,787 (33.91%) from December 31, 2010.

The investment in capital assets net of debt increased by \$575,111 (11.21%) in 2011 primarily due to water system improvements, Terminal Building roofing improvements and runway paving improvements. These capital investments help to ensure service for residents and will generate future revenues for the water and airport funds.

Budgetary Highlights

The original budget, final budget (which includes amendments passed by the trustees during the year) and actual expenditures for each fund are shown on pages 37 through 42. This section of the report primarily focuses on areas that were different from expectations set in the budget and changes from the prior year.

General Fund. Actual financial results differed from the original budget primarily due to greater sales tax revenue than was expected for the year. Compared to 2010, sales tax collections were positive for ten of twelve months during 2011. Revenue from sales tax was originally budgeted to be the same as the projected 2010 revenue as of the date the budget was prepared. The collections of the town sales tax grew by 6.2% in 2011.

In 2010, Buena Vista benefited from a portion of a county sales tax audit recovery from a vendor's tax returns from 2003 to 2008. An intergovernmental agreement provides for an allocation of the Chaffee County sales tax to municipalities located within the county and Buena Vista received \$557,178 of the audit adjustment. \$350,000 was set aside in the Street Improvement Account. Excluding the audit adjustment, Buena Vista's share of the county-wide sales tax was \$1,699,692 in 2010 and the 2011 revenue grew by 4.4%.

Capital Improvement Fund. The Buena Vista River Park Phase Two and Boulder Park were completed in 2011 and monies received from associated grants was \$245,000.

Water Enterprise. During 2011 revenue was realized in the amount of \$864,984 which was \$38,681 better than budgeted due mostly to increased water sales and system development fees. In 2011 there was an anticipation that the Colorado Department of Public Health & Environment (CDPHE) would require substantial improvements to the Town's water treatment plant. In 2011, CDPHE did not make its ruling and therefore the total expenditures were \$347,000 less than budgeted.

Airport. In 2011 the airport had capital outlay of \$239,506 which is capitalized and depreciated over its useful life.

Removing the grants that in large part paid for the capital expenditures, the transfers from the general fund, and the grants the operating deficit for 2011 would be \$(25,675) and the operating deficit for 2010 would be \$(34,688).

Capital Assets. On page 4, the Town's investment in governmental activities capital assets as of December 31, 2011 amounted to \$5,567,124 net of accumulated depreciation.

Long-term Debt

In the business-type activities, the long term debt was \$540,682 at December 31, 2011 payable to the Colorado Water Resources and Power Development Authority (CWRPDA).

Economic Factors and Financial Outlook

2012 Budget. The economic outlook had improved compared to the past couple of years but remained somewhat uncertain as the Town prepared its 2012 budget.

Some of the key budget assumptions are outlined below:

- Staffing – Flat headcount compared to 2011; 2% budgeted merit increase (the Town implemented a merit pay program in 2011);
- Employee health insurance – 18% increase from 2011/2012 plan year or 13.5% budget effect;
- Sales tax revenue – 2% growth in taxable sales as of mid-year 2012;
- Water rates – 2% increase in service / usage fees.

Total fund equity is projected to increase during 2012 by generating more operating revenue.

The Town has no debt in the general fund; however, street improvements will require the issuance of debt in 2012. Debt service obligations will increase in 2013 when full years of payment obligations begin.

2012 budget appropriations are \$5,597,520 of which \$3,440,159 is for governmental activities and \$2,157,361 is for business-type activities. The budget includes higher than normal capital spending due to the proposed bond issue.

Fiscal Sustainability Issues. The economy of Buena Vista has had three major components over the past approximately nine years. They are housing construction, the state prison and summer tourism. All three of these components play a role in the generation of sales tax which is the Town's main revenue source.

The 2008 credit meltdown has continued to reduce credit available for housing and business loans in 2011 and 2012. However new businesses have continued to open throughout 2011 and into 2012 with the expectation that retirees and young professionals will continue to relocate to Buena Vista to enjoy the recreational amenities and temperate weather. The summer tourism season generates a significant portion of the Town's sales Tax and business profits. The level of Tourism depends upon gas prices, consumer confidence, and weather and snow runoff from the Continental Divide that provides water for the Arkansas River. Tourism levels were high for the summer of 2011 as people in the suburbs of the Colorado Front Range communities continued to discover the affordable, and fire free land surrounding Buena Vista which provide inexpensive vacation amenities for those who love the outdoors. The cooler temperatures of Colorado are also a dream for Texans who frequent Buena Vista each year.

Beyond the next calendar year, major fiscal sustainability concerns are expected cost inflation for employee healthcare, fuel, asphalt, natural gas and electricity. Town leaders are focused on defining the role of local government in our community, balancing limited resources with requests for additional services. In addition, risks to government funding are concentrated on the local economy and retail sales due to the fact that three-quarters of the Town's general fund revenue is derived from sales tax.

The Town will continue an increased level of capital spending for roads and public infrastructure as compared to historic levels.

Requests for information

This financial report is designed to provide a general overview of the Town of Buena Vista's financial position for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town of Buena Vista, Colorado, P.O. Box 2002, Buena Vista, CO 81211.

Town Council
Town of Buena Vista
Buena Vista, Colorado

Independent Auditors' Report

We have audited the accompanying financial statements of the governmental activities, business-type activities, fiduciary fund and each major fund of the Town of Buena Vista, Colorado (the Town) as of and for the year ended December 31, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Buena Vista, Colorado's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, fiduciary fund, and each major fund of the Town of Buena Vista, Colorado, as of December 31, 2011, and the respective change in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles general accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information listed in the table of contents as required supplementary information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provided any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements as a whole. The budgetary comparison schedules listed in the table of contents as other supplementary information and the local highway finance report are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Johnson and Associates

August 29, 2012
Centennial, CO

BASIC FINANCIAL STATEMENTS

TOWN OF BUENA VISTA, COLORADO

STATEMENT OF NET ASSETS

December 31, 2011

	<u>Government Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 1,305,524	\$ 1,146,743	\$ 2,452,267
Cash and cash equivalents - restricted	-	532,182	532,182
Investments - restricted	972,546	12,014	984,560
Accounts receivable	36,573	331,576	368,149
Intergovernmental receivable	374,925	-	374,925
Property taxes receivable	312,816	-	312,816
Developer receivables	7,763	-	7,763
Interest receivable	-	103	103
Internal balances	282,457	(282,457)	-
Prepaid expenses	4,100	-	4,100
Bond issue costs, net	-	8,442	8,442
Inventories, net	-	125,243	125,243
Capital assets, net	5,567,124	6,246,991	11,814,115
Total Assets	<u>8,863,828</u>	<u>8,120,837</u>	<u>16,984,665</u>
LIABILITIES			
Accounts payable	85,275	158,232	243,507
Accrued payroll liabilities	19,458	4,234	23,692
Accrued interest payable	-	10,562	10,562
Accrued compensated absences	96,233	10,115	106,348
Deposits/escrow accounts	61,566	-	61,566
Deferred revenue	886	5,262	6,148
Deferred property tax revenue	312,816	-	312,816
Notes payable - due within one year	-	71,723	71,723
Notes payable - due in more than one year	-	468,959	468,959
Total Liabilities	<u>576,234</u>	<u>729,087</u>	<u>1,305,321</u>
NET ASSETS			
Invested in capital assets, net of related debt	5,567,124	5,706,309	11,273,433
Restricted for emergencies (TABOR)	74,458	-	74,458
Restricted for special uses	195,554	-	195,554
Unrestricted	<u>2,450,458</u>	<u>1,685,441</u>	<u>4,135,899</u>
Total Net Assets	<u>\$ 8,287,594</u>	<u>\$ 7,391,750</u>	<u>\$ 15,679,344</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF BUENA VISTA, COLORADO

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2011

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES	
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS
Government Activities			CAPITAL GRANTS AND CONTRIBUTIONS
Current:			
General government	\$ 641,229	\$ 36,988	\$ 12,780
Public safety	771,342	32,117	-
Community services	142,444	-	-
Public works	652,777	27,392	-
Culture and recreation	345,939	39,688	41,076
TOTAL GOVERNMENT ACTIVITIES	2,553,731	136,185	53,856
Business-Type Activities			
Current:			
Water operations	672,066	759,145	102,643
Airport operations	528,050	377,415	260,792
TOTAL BUSINESS - TYPE ACTIVITIES	1,200,116	1,136,560	363,435
TOTAL GOVERNMENT	\$ 3,753,847	\$ 1,272,745	\$ 417,291
GENERAL REVENUES			
Taxes			
Property			
Specific ownership			
General sales			
Franchise			
Other			
Investment income			
Transfers			
Loss on bad debt			
Miscellaneous			
TOTAL GENERAL REVENUES AND TRANSFERS			
CHANGE IN NET ASSETS			
NET ASSETS - Beginning of Year			
NET ASSETS - End of Year			

The accompanying notes are an integral part of the financial statements.

NET (EXPENSE) REVENUE AND
CHANGES IN NET ASSETS

GOVERNMENT ACTIVITIES	BUSINESS - TYPE ACTIVITIES	TOTAL
\$ (591,461)	\$ -	\$ (591,461)
(739,225)	-	(739,225)
(142,444)	-	(142,444)
(326,631)	-	(326,631)
(265,175)	-	(265,175)
(2,064,936)	-	(2,064,936)
-	576,571	576,571
-	110,157	110,157
-	686,728	686,728
(2,064,936)	686,728	(1,378,208)
299,047	-	299,047
35,313	-	35,313
2,046,165	-	2,046,165
60,659	-	60,659
143,546	2,207	145,753
3,637	3,265	6,902
(143,000)	143,000	-
(55,592)	-	(55,592)
15,600	-	15,600
2,405,375	148,472	2,553,847
340,439	835,200	1,175,639
7,947,155	6,556,550	14,503,705
\$ 8,287,594	\$ 7,391,750	\$ 15,679,344

TOWN OF BUENA VISTA, COLORADO

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2011

	<u>GENERAL</u>	<u>CONSERVATION TRUST</u>	<u>CAPITAL IMPROVEMENT</u>	<u>TOTAL</u>
ASSETS				
Cash and cash equivalents	\$ 1,250,425	\$ -	\$ 55,099	\$ 1,305,524
Cash with fiscal agent	3,957	-	-	3,957
Investments	221,904	24,033	726,609	972,546
Accounts receivable	36,573	-	-	36,573
Taxes receivable	328,010	-	42,958	370,968
Property taxes receivable	312,816	-	-	312,816
Developer receivables	7,763	-	-	7,763
Due from other funds	282,457	-	-	282,457
Prepaid expenses	1,559	-	2,541	4,100
TOTAL ASSETS	<u><u>\$ 2,445,464</u></u>	<u><u>\$ 24,033</u></u>	<u><u>\$ 827,207</u></u>	<u><u>\$ 3,296,704</u></u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 69,840	\$ 622	\$ 14,813	\$ 85,275
Accrued payroll	19,250	208	-	19,458
Developer deposits	61,566	-	-	61,566
Deferred property tax revenue	312,816	-	-	312,816
Deferred revenue	-	-	886	886
TOTAL LIABILITIES	<u>463,472</u>	<u>830</u>	<u>15,699</u>	<u>480,001</u>
FUND BALANCES				
Restricted	74,458	-	195,554	270,012
Committed	-	-	427,048	427,048
Assigned	125,429	23,203	188,906	337,538
Unassigned	1,782,105	-	-	1,782,105
TOTAL FUND EQUITY	<u>1,981,992</u>	<u>23,203</u>	<u>811,508</u>	<u>2,816,703</u>
TOTAL LIABILITIES AND FUND EQUITY	<u><u>\$ 2,445,464</u></u>	<u><u>\$ 24,033</u></u>	<u><u>\$ 827,207</u></u>	<u><u>\$ 3,296,704</u></u>
TOTAL FUND BALANCE - GOVERNMENTAL FUNDS				\$ 2,816,703
Capital assets used in governmental activities are not resources and are not reported in the funds:				
Capital Assets				8,432,220
Accumulated Depreciation				(2,865,096)
Earned but unpaid accumulated leave balances are not reported in the funds:				
Compensated Absences				<u>(96,233)</u>
TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES				<u><u>\$ 8,287,594</u></u>

The accompanying notes are an integral part of the financial statements.

TOWN OF BUENA VISTA, COLORADO

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2011

	<u>GENERAL</u>	<u>CONSERVATION TRUST</u>	<u>CAPITAL IMPROVEMENT</u>	<u>TOTAL</u>
REVENUES				
Taxes	\$ 2,193,423	\$ -	\$ 272,130	\$ 2,465,553
Licenses and permits	96,198	-	-	96,198
Fines	18,234	-	-	18,234
Rental income	7,870	-	-	7,870
Intergovernmental	145,840	21,322	298,754	465,916
Contributions	7,500	-	12,254	19,754
Interest income	2,958	32	647	3,637
Other	15,529	-	-	15,529
	<u>2,487,552</u>	<u>21,354</u>	<u>583,785</u>	<u>3,092,691</u>
TOTAL REVENUES	<u>2,487,552</u>	<u>21,354</u>	<u>583,785</u>	<u>3,092,691</u>
EXPENDITURES				
General government	610,858	-	12,346	623,204
Public safety	720,607	-	29,054	749,661
Community services	138,440	-	-	138,440
Public works	472,074	-	162,354	634,428
Culture and recreation	204,492	19,058	112,665	336,215
	<u>2,146,471</u>	<u>19,058</u>	<u>316,419</u>	<u>2,481,948</u>
TOTAL EXPENDITURES	<u>2,146,471</u>	<u>19,058</u>	<u>316,419</u>	<u>2,481,948</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	341,081	2,296	267,366	610,743
OTHER FINANCING SOURCES (USES)				
Bad debt expense	(55,592)	-	-	(55,592)
Insurance proceeds	71	-	-	71
Transfers in (out)	(568,000)	-	425,000	(143,000)
	<u>(623,521)</u>	<u>-</u>	<u>425,000</u>	<u>(198,521)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(623,521)</u>	<u>-</u>	<u>425,000</u>	<u>(198,521)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(282,440)	2,296	692,366	412,222
FUND BALANCES, Beginning	<u>2,264,432</u>	<u>20,907</u>	<u>119,142</u>	<u>2,404,481</u>
FUND BALANCES, Ending	<u><u>\$ 1,981,992</u></u>	<u><u>\$ 23,203</u></u>	<u><u>\$ 811,508</u></u>	<u><u>\$ 2,816,703</u></u>

(Continued)

The accompanying notes are an integral part of the financial statements.

TOWN OF BUENA VISTA, COLORADO

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS (Continued)
For the Year Ended December 31, 2011

NET CHANGE IN FUND BALANCES - ALL GOVERNMENTAL FUNDS	\$ 412,222
Earned but unpaid accumulated leave balances are not reported in the funds:	
Change in Accrued Compensated Absences	(17,110)
Purchases of capital assets are expensed in governmental funds and depreciated on the statement of activities:	
Capitalized Assets	262,222
Depreciation Expense	<u>(316,894)</u>
CHANGE IN NET ASSETS - GOVERNMENTAL ACTIVITIES	<u>\$ 340,439</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF BUENA VISTA, COLORADO

STATEMENT OF NET ASSETS-
PROPRIETARY FUNDS
December 31, 2011

	<u>WATER</u>	<u>AIRPORT</u>	<u>TOTAL</u>
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 1,023,439	\$ 123,304	\$ 1,146,743
Cash and cash equivalents - restricted	532,182	-	532,182
Investments - restricted	12,014	-	12,014
Interest receivable	103	-	103
Accounts receivable	67,918	263,658	331,576
Inventory, net of allowance for obsolescence	62,201	63,042	125,243
Total Current Assets	<u>1,697,857</u>	<u>450,004</u>	<u>2,147,861</u>
Non-current Assets			
Bond issuance costs, net of accumulated amortization	8,442	-	8,442
Capital assets			
Property, plant and equipment	7,475,575	7,405,709	14,881,284
Accumulated depreciation	(3,044,842)	(5,589,451)	(8,634,293)
Total Non-current Assets	<u>4,439,175</u>	<u>1,816,258</u>	<u>6,255,433</u>
TOTAL ASSETS	<u>6,137,032</u>	<u>2,266,262</u>	<u>8,403,294</u>
LIABILITIES			
Current Liabilities			
Accounts payable	14,985	143,247	158,232
Accrued interest	10,562	-	10,562
Due to other funds	-	282,457	282,457
Deferred revenue	5,262	-	5,262
Accrued salaries and benefits	3,217	1,017	4,234
Current portion of long-term debt	71,723	-	71,723
Total Current Liabilities	<u>105,749</u>	<u>426,721</u>	<u>532,470</u>
Long-Term Liabilities			
Notes and loans payable	468,959	-	468,959
Accrued compensated absences	9,094	1,021	10,115
Total Long-Term Liabilities	<u>478,053</u>	<u>1,021</u>	<u>479,074</u>
TOTAL LIABILITIES	<u>583,802</u>	<u>427,742</u>	<u>1,011,544</u>
NET ASSETS			
Invested in capital assets, net of related debt	3,890,051	1,816,258	5,706,309
Unrestricted	<u>1,663,179</u>	<u>22,262</u>	<u>1,685,441</u>
TOTAL NET ASSETS	<u>\$ 5,553,230</u>	<u>\$ 1,838,520</u>	<u>\$ 7,391,750</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF BUENA VISTA, COLORADO

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS -
PROPRIETARY FUNDS

For the Year Ended December 31, 2011

	WATER	AIRPORT	TOTAL
OPERATING REVENUES			
Water sales	\$ 734,354	\$ -	\$ 734,354
Water meter sales	8,203	-	8,203
Finance charges	10,540	-	10,540
Fuel sales	-	291,104	291,104
Rental revenue	-	2,122	2,122
Other revenues	4,992	-	4,992
Other fees	1,056	84,189	85,245
	<hr/>	<hr/>	<hr/>
TOTAL OPERATING REVENUES	759,145	377,415	1,136,560
OPERATING EXPENSES			
Salaries and benefits	252,535	87,095	339,630
Fuel for resale	-	233,087	233,087
Professional services	105,147	7,747	112,894
Meters, materials, and freight	18,443	-	18,443
Insurance	6,520	15,081	21,601
Other general and administrative	24,771	23,482	48,253
Utilities	16,548	17,291	33,839
Repairs and maintenance	53,606	13,472	67,078
Plant and building operations	2,530	8,111	10,641
Capital outlay	-	527	527
Amortization	1,206	-	1,206
Depreciation	164,245	122,157	286,402
	<hr/>	<hr/>	<hr/>
TOTAL OPERATING EXPENSES	645,551	528,050	1,173,601
OPERATING INCOME (LOSS)	<hr/>	<hr/>	<hr/>
	113,594	(150,635)	(37,041)
NON-OPERATING REVENUE (EXPENSE)			
Investment income	3,196	69	3,265
Operating grants and contributions	-	260,792	260,792
Other taxes	-	2,207	2,207
Interest and fiscal charges	(26,515)	-	(26,515)
Transfers in (out)	-	143,000	143,000
Cash capital contributions	102,643	-	102,643
Infrastructure capital contributions	386,849	-	386,849
	<hr/>	<hr/>	<hr/>
TOTAL NON-OPERATING REVENUE (EXPENSE)	466,173	406,068	872,241
CHANGE IN NET ASSETS	579,767	255,433	835,200
NET ASSETS - Beginning	<hr/>	<hr/>	<hr/>
	4,973,463	1,583,087	6,556,550
NET ASSETS - Ending	<hr/>	<hr/>	<hr/>
	\$ 5,553,230	\$ 1,838,520	\$ 7,391,750

The accompanying notes are an integral part of the financial statements.

TOWN OF BUENA VISTA, COLORADO

STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS

For the Year Ended December 31, 2011

	<u>WATER</u>	<u>AIRPORT</u>	<u>TOTAL</u>
Cash Flows From Operating Activities:			
Cash received from customers	\$ 754,336	\$ 288,614	\$ 1,042,950
Cash paid to suppliers and employees	(492,036)	(408,935)	(900,971)
Net Cash Provided (Used) by Operating Activities	<u>262,300</u>	<u>(120,321)</u>	<u>141,979</u>
Cash Flows From Non-capital Financing Activities:			
Transfers (to) from other funds	-	143,000	143,000
Operating grants received	-	260,792	260,792
Net Cash Provided by Non-capital Financing Activities	<u>-</u>	<u>403,792</u>	<u>403,792</u>
Cash Flows From Capital and Related Financing Activities:			
System development/resources fees	489,492	-	489,492
Additions to fixed assets	(397,363)	(249,535)	(646,898)
Loan Principal Payments	(66,206)	-	(66,206)
Loan and bond interest payments and fiscal charges	(26,515)	-	(26,515)
Net Cash (Used) by Capital and Related Financing Activities	<u>(592)</u>	<u>(249,535)</u>	<u>(250,127)</u>
Cash Flows From Investing Activities:			
Interest received	<u>3,196</u>	<u>69</u>	<u>3,265</u>
Net Increase in Cash	264,904	34,005	298,909
Cash - Beginning	<u>1,302,731</u>	<u>89,299</u>	<u>1,392,030</u>
Cash - Ending	<u><u>\$ 1,567,635</u></u>	<u><u>\$ 123,304</u></u>	<u><u>\$ 1,690,939</u></u>
Cash and investments	\$ 1,023,439	\$ 123,304	\$ 1,146,743
Restricted cash and investments	544,196	-	544,196
Total Cash - Ending	<u><u>\$ 1,567,635</u></u>	<u><u>\$ 123,304</u></u>	<u><u>\$ 1,690,939</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	<u>\$ 113,594</u>	<u>\$ (150,635)</u>	<u>\$ (37,041)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	164,245	122,157	286,402
Amortization	1,206	-	1,206
(Increase) Decrease in:			
Accounts receivable	(6,689)	(70,428)	(77,117)
Interest receivable	566	-	566
Inventory	2,952	(18,373)	(15,421)
Increase (decrease) in:			
Accounts payable	(9,208)	139,760	130,552
Deposits/escrows	(2,092)	-	(2,092)
Due To other funds	-	(143,000)	(143,000)
Accrued interest	(703)	-	(703)
Prepaid water charges	(4,106)	-	(4,106)
Deferred revenue	1,157	-	1,157
Accrued salaries and benefits	372	(199)	173
Accrued compensated absences	1,006	397	1,403
Total Adjustments	<u>148,706</u>	<u>30,314</u>	<u>179,020</u>
Net Cash Provided by Operating Activities	<u><u>\$ 262,300</u></u>	<u><u>\$ (120,321)</u></u>	<u><u>\$ 141,979</u></u>

The accompanying notes are an integral part of the financial statements.

TOWN OF BUENA VISTA, COLORADO

STATEMENT OF NET ASSETS-
FIDUCIARY FUND
December 31, 2011

ASSETS

Investments

\$ 326,892

NET ASSETS

Held in trust for pension benefits

\$ 326,892

The accompanying notes are an integral part of the financial statements.

TOWN OF BUENA VISTA, COLORADO
STATEMENT OF CHANGES IN NET ASSETS
FIDUCIARY FUND
For the Year Ended December 31, 2011

ADDITIONS	
Town contributions	\$ 12,000
Investment income	<u>1,886</u>
 TOTAL ADDITIONS	 <u>13,886</u>
 DEDUCTIONS	
Pension payments	<u>21,681</u>
 CHANGES IN NET ASSETS	 (7,795)
 TOTAL NET ASSETS - JANUARY 1	 <u>334,687</u>
 TOTAL NET ASSETS - DECEMBER 31	 <u><u>\$ 326,892</u></u>

The accompanying notes are an integral part of the financial statements.

TOWN OF BUENA VISTA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Buena Vista (the Town) was incorporated under Colorado statutes in 1879 and provides services related to public safety, highways and streets, airport, water, recreation, planning and zoning, and general administration. The Town is the lowest level of government having oversight responsibility and control over all activities within the geographical area organized as the Town of Buena Vista, Colorado. The Town is located in Chaffee County, Colorado and is governed by an elected Mayor and Board of Trustees (the Town Board), which are responsible for setting policy, appointing administrative personnel and adopting an annual budget.

The Town's financial statements are prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the town's accounting policies are described below.

A. Reporting Entity

The financial statements of the reporting entity include those of the Town (the primary government) and its component units. The criteria used in determining the scope of the reporting entity are based on the provisions of GASB Statement No. 14, *The Financial Reporting Entity* (GASB 14), as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units - an amendment of GASB 14*. The requirements for inclusion as a component unit are based primarily upon whether the Town is considered financially accountable for the potential component unit. The Town is financially accountable if it appoints a voting majority of a potential component unit's governing body and is able to impose its will on that potential component unit, or because the potential component unit will provide specific a financial benefit to or impose a specific financial burden on the Town. The Town does not have any component units.

Basis Of Presentation

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds).

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all the activities of the primary government, excluding fiduciary activities. The effect of interfund activity has been removed from these statements, with the exception of interfund services provided and used.

TOWN OF BUENA VISTA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, unrestricted interest earnings and other items not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements

Following the government-wide financial statements are separate financial statements for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The total fund balances for all governmental funds is reconciled to total net assets for governmental activities as shown on the statement of net assets. The net change in fund balance for all governmental funds is reconciled to the total change in net assets as shown on the statement of activities in the government-wide financial statements.

Fund Accounting

The Town uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with self-balancing accounts. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The Town has all three categories of funds: governmental, proprietary, and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions of the Town are financed. The acquisition, use, and balances of the Town's expendable financial resources and the related liabilities (except those accounted for in the proprietary fund) are accounted for through governmental funds. The measurement focus is on determination of and changes in financial position, rather than on net income. The following are the Town's governmental major funds:

The **General Fund** is used to account for all financial resources except those required to be accounted for in another fund and is the general operating fund of the Town. As of January 1, 2010, the Volunteer Fire Department was merged into the General Fund from a separate Special Revenue Fund to conform to GASB Statement 54, as the Volunteer Fire Department has no significant ongoing revenue sources.

TOWN OF BUENA VISTA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The **Conservation Trust Fund** accounts for receipts and expenditures with respect to State allocations of lottery proceeds.

The **Capital Improvement Fund** accounts for receipts and expenditures with respect to capital projects. Revenues derived by this fund include a half-cent street improvement sales tax, cash-in-lieu fees from developers for parks, open space and trails, and capital grants.

Proprietary Funds

Proprietary funds are used to account for activities that are similar to those found in the private sector. The measurement focus is on the determination of net income and capital maintenance. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

Of the types of proprietary funds, enterprise and internal service funds, the Town only has proprietary type funds. The Town has the following proprietary funds:

Enterprise Funds - the enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis is to be financed or recovered primarily through user charges. The Town has the following enterprise funds:

The **Water Fund** accounts for all the activities necessary for the provision of water services to Town residents.

The **Airport Fund** accounts for all the activities necessary for the operation of the Town's general aviation airport.

The Town applies all applicable pronouncements of the Financial Accounting Standards Board (FASB), issued on or before November 30, 1989, in accounting and reporting for its proprietary operations, unless these pronouncements conflict with or contradict applicable GASB guidance as prescribed by GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*. The Town has elected not to follow subsequent private-sector guidance.

TOWN OF BUENA VISTA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary Fund Type - Pension Trust Funds - Pension Trust Funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The Pension Trust Funds are accounted for in essentially the same manner as proprietary funds. The Town has the following fiduciary fund.

The **Volunteer Firefighters Pension Fund** accounts for the volunteer firefighters' pension investments.

B. Measurement Focus And Basis Of Accounting

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements.

Long-Term Economic Focus And Accrual Basis

Governmental and business-type activities in the government-wide financial statements, the proprietary fund financial statements, and the fiduciary fund financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Current Financial Focus And Modified Accrual Basis

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the fiscal period. The primary revenue sources, which have been treated as susceptible to accrual by the Town, are property tax, sales tax, intergovernmental revenues and other taxes. All other revenue items are considered to be measurable and available only when cash is received by the Town.

Expenditures are generally recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, are recorded only when payment is due (i.e. matured).

TOWN OF BUENA VISTA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Cash, Cash Equivalents And Investments

The Town considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. State statutes and Town policy authorize the Town to invest in obligations of the United States or any agency thereof, time deposit certificates, and repurchase agreements. The Pension Trust Funds are also authorized to invest in corporate common or preferred stocks, bonds and mortgages, real or personal property, and other evidence of indebtedness or ownership (excluding any debt of the Town itself), and individual insurance policies.

D. Restricted Assets

Certain resources set aside for emergencies, specified voter approved projects and Water Fund operations and maintenance reserves are classified as restricted assets on the balance sheet because their use is limited by Colorado State Statutes, enabling legislation and debt covenants.

E. Receivables

The Town uses the allowance method for recognizing the uncollectable delinquent accounts receivable. At December 31, 2011, no allowance has been established, as all amounts are considered collectible. Each October, any utility bills more than 60 days old are certified to the County Treasurer for collection with the property taxes to be collected the following year.

F. Property Taxes

Property taxes are assessed in one year as a lien on the property, but not collected by governmental units until the subsequent year. In accordance with GAAP, the assessed, but uncollected, property taxes for calendar year 2011 have been recorded as a receivable and as deferred revenue. Property taxes are billed and collected by Chaffee County, Colorado and distributed to the municipalities and special districts within the county the month after collection.

TOWN OF BUENA VISTA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Inventories

Water parts are valued at market values based on current pricing. Airport fuel inventories are valued at average cost. The allowance for obsolete inventory at December 31, 2011 was \$3,274 for the Water Fund. The allowance for fuel loss was \$2,351 at year end for the Airport Fund.

H. Interfund Receivables and Payables

Transfers of resources from a fund receiving revenue to the fund through which the resources are to be expended are recorded as transfers. Such transfers are reported as other financing sources (uses) in the governmental funds and transfers in (out) in the proprietary funds.

Transactions between the Town's various funds are accounted for as revenues and expenditures or expenses in the funds involved if they are similar to transactions with organizations external to Town government.

Activity between funds that is representative of borrowing/lending arrangements outstanding at the end of the fiscal year is referred to as either "due to/due from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

In the process of aggregating data for the statement of net assets and the statement of activities some amounts reported on interfund activity and balances in the funds have been eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

I. Capital Assets

Capital assets, which include property, equipment, and infrastructure (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of one year. Purchased or constructed assets are recorded at historical cost where historical records are available or estimated historical costs where no historical records exist. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend the asset's life is not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

TOWN OF BUENA VISTA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital assets (excluding land, water rights, construction in progress and capital assets held for other government) are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	7 - 20 years
Buildings and improvements	10 - 50 years
Equipment and vehicles	5 - 20 years
Infrastructure	7 - 40 years

Capital assets held for other government represents a sewer line constructed in 2004 and 2005 from several funding sources, including Federal grants. This sewer line will ultimately be conveyed to the Buena Vista Sanitation District, the government responsible for provision of sanitation services within Town boundaries. No depreciation is reported by the Town for the sewer line as a separate government is the operator of this system and the Town does not recognize any associated revenue.

J. Compensated Absences

Vacation, sick leave, and compensatory time are accrued as earned. Accumulated unpaid vacation, compensatory time, and vested sick leave amounts are recorded in the government-wide financial statements by fund. The Town's personnel policy imposes limits on the maximum accrual of accumulated vacation time and sick leave. Upon termination, accrued unpaid vacation and compensatory time will be paid to the employee. Accrued sick leave has a cash value upon termination only if the employee has at least five years of full-time service with the Town at termination. Accrued compensated absences are liquidated by the fund that incurred the liability during the employee's employment.

A liability for vested, accrued leave time is reported in the governmental funds only if the amounts due at year end have matured.

K. Long-Term Debt

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt is reported as a liability in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

TOWN OF BUENA VISTA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

L. Net Assets

In the government-wide and proprietary fund financial statements, net assets are displayed in three components as follows:

Invested In Capital Assets, Net Of Related Debt - This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted - This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

Unrestricted - This consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

When an expense is incurred for purposes for which restricted and unrestricted net assets are available, the Town's policy is to apply restricted net assets first.

M. Fund Balance-. Governmental Funds

Beginning with the fiscal year 2010, the Town implemented GASB Statement 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantor, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;

TOWN OF BUENA VISTA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing board delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are reported only in the general fund.

The Town Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of a resolution or ordinance. Each December the budget is adopted by resolution for the coming year. A fund balance commitment is indicated in the budget by the use of reserves. The budget document will also identify the budgeted use of any restricted funds planned in the budget.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless Town Council has provided otherwise in its commitment or assignment actions.

N. Use Of Estimates

The preparation of basic financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and the accompanying notes. Actual results could differ from those estimates.

NOTE 2: DEPOSITS AND INVESTMENTS

The Town's investment policy conforms to the investment policy guidelines set forth by the State of Colorado. The Town's investment policy sets the primary objectives of investments activities to be safety, liquidity, and yield, in that order. The policy sets a conservative, "prudent person" approach to investment purchases and management of the overall portfolio. The Town's Volunteer Firefighters Pension Trust is managed by the Fire and Police Pension Association of Colorado in accordance with state statute.

TOWN OF BUENA VISTA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)

At year end, the Town had the following deposits and investments as reported in the financial statements:

Cash and investments at December 31, 2011 consisted of the following:

Type	Rating	Maturities	Carrying Value
Deposits:			
Demand deposits			\$ 2,287,640
Cash on hand			2,458
			<u>2,290,098</u>
Investments:			
Certificates of Deposit			672,362
Colostrust	AAAm by S & P		1,006,549
			<u>1,678,911</u>
Total deposits and investments			<u><u>\$ 3,969,009</u></u>
Reconciliation to Statement of Net Assets			
Current:			
Cash and cash equivalents - unrestricted			\$ 3,436,827
Cash and cash equivalents - restricted			532,182
			<u><u>\$ 3,969,009</u></u>

At December 31, 2011, Town Funds had the following restricted cash and investments:

Water Fund:		
Water system development	\$	405,782
CWRPDA loan - operations and maintenance reserve		<u>126,400</u>
Total Cash and cash equivalents - restricted	\$	<u><u>532,182</u></u>

A. Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible depositories. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance (FDIC) on deposits held. Each eligible depository with deposits in excess of the insured levels must pledge a collateral pool of defined eligible assets maintained by another institution or held in trust for all of its local government depositors as a group with a market value of at least 102% of the uninsured deposits. The State Regulatory Commission for banks and savings and loan associations are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

TOWN OF BUENA VISTA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)

As of December 31, 2011, the Town had bank deposits of \$3,185,662. Depositor's insurance (FDIC) covers \$500,000 of this amount; the balance of \$2,685,661 is collateralized with securities held by the pledging financial institution's trust department or agent in a pledged collateral pool.

B. Investments

The Town's investment policy lists the authorized investment types as defined by Colorado statutes. Authorized investments include: direct obligations of the United States, obligations of U.S. government agencies, general or revenue obligations of any state of the United States, any territory, or political subdivision of any state, qualified bankers' acceptances, commercial paper, certificates of participation, repurchase agreements, qualified local government investment pool, money market funds, qualified corporate or bank debt, and certain guaranteed investment contracts. The Town held no such investments at December 31, 2011.

Local Government Investment Pool - At December 31, 2011, the Town had \$1,006,549 invested in COLOTRUST, an investment vehicle established by State statute for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces the requirements of creating and operating COLOTRUST. COLOTRUST operates similar to money market funds and each share is equal in value to \$1.00. COLOTRUST is rated AAAm by Standard and Poor's. Investments are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. To minimize credit risk the Town requires that U.S. Agency Securities have the highest possible rating. Colorado statutes establish standards for local government investment pools and the Town requires the investment pool to maintain the highest possible rating.

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. State statute limits investments in U.S. Agency Securities to a maximum five-year maturity. The Town seeks to minimize interest rate risk by:

- Structuring investments to meet ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and
- Structuring investments to have staggered maturities of less than five years.

Custodial Risk - For investments, custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the Town will not be able to recover the value of the investments or collateral securities that are in the

TOWN OF BUENA VISTA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)

possession of an outside party. In accordance with Town policy, custodial risk is minimized by pre-qualifying custodial institutions, diversifying the investment portfolio, and maintaining quality standards for investments. At December 31, the Town held no investments with custodial institutions other than Colotrust.

Concentration of Credit Risk - State statutes generally do not limit the amount the Town may invest in one issuer. However, the Town's investment policy require diversification of investments, including limiting the concentration of investments in on issuer. At December 31, 2011, the Towns' investments account for 42.3% of total deposits and investments.

C. Pension Trust Funds

At December 31, 2011 the Town had \$326,892 invested with the Fire and Police Pension Association of Colorado (FPPA) on behalf of the volunteer firefighters. The town has no regulatory oversight of the unrated Member's Benefit Investment Fund where the Town's assets are invested.

TOWN OF BUENA VISTA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 3: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 1,043,709	\$ -	\$ -	\$ 1,043,709
Assets held for other government	535,718	-	-	535,718
Total capital assets not being depreciated	<u>1,579,427</u>	<u>-</u>	<u>-</u>	<u>1,579,427</u>
Capital assets being depreciated:				
Land improvements	701,048	23,016	-	724,064
Buildings and improvements	1,480,207	9,650	-	1,489,857
Vehicles and heavy equipment	906,811	-	-	906,811
Equipment and furniture	972,172	-	-	972,172
Infrastructure	<u>2,530,333</u>	<u>229,556</u>	<u>-</u>	<u>2,759,889</u>
Total capital assets being depreciated	<u>6,590,571</u>	<u>262,222</u>	<u>-</u>	<u>6,852,793</u>
Less accumulated depreciation for:				
Land improvements	(59,013)	(25,422)	-	(84,435)
Buildings and improvements	(714,428)	(37,574)	-	(752,002)
Vehicles and heavy equipment	(738,854)	(42,079)	-	(780,933)
Equipment and furniture	(744,411)	(43,464)	-	(787,875)
Infrastructure	<u>(291,496)</u>	<u>(168,356)</u>	<u>-</u>	<u>(459,852)</u>
Total accumulated depreciation	<u>(2,548,202)</u>	<u>(316,894)</u>	<u>-</u>	<u>(2,865,096)</u>
Total capital assets being depreciated, net	<u>4,042,369</u>	<u>(54,672)</u>	<u>-</u>	<u>3,987,697</u>
Governmental Activities Capital Assets, Net	<u>\$ 5,621,796</u>	<u>\$ (54,672)</u>	<u>\$ -</u>	<u>\$ 5,567,124</u>

Depreciation expense was charged to functions of the Town as follows:

General Government	\$ 23,858
Public Safety	26,222
Community Development	-
Public Works	199,445
Culture and Recreation	<u>67,369</u>
Total	<u>\$ 316,894</u>

TOWN OF BUENA VISTA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 3: CAPITAL ASSETS (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital assets not being depreciated:				
Land and water rights	\$ 697,079	\$ -	\$ -	\$ 697,079
Total capital assets not being depreciated	<u>697,079</u>	<u>-</u>	<u>-</u>	<u>697,079</u>
Capital assets being depreciated:				
Buildings and treatment plant	1,608,300	39,441	-	1,647,741
Distribution systems	3,775,933	516,360	-	4,292,293
Storage tanks	1,579,146	-	-	1,579,146
Vehicles and equipment	1,065,514	-	-	1,065,514
Airport infrastructure	1,594,324	-	-	1,594,324
Land improvements	3,733,767	239,506	-	3,973,273
Office furniture and fixtures	31,914	-	-	31,914
Total capital assets being depreciated	<u>13,388,898</u>	<u>795,307</u>	<u>-</u>	<u>14,184,205</u>
Less accumulated depreciation for:				
Buildings and treatment plant	(727,018)	(49,915)	-	(776,933)
Distribution systems	(1,471,463)	(94,900)	-	(1,566,363)
Storage tanks	(524,430)	(34,002)	-	(558,432)
Vehicles and equipment	(804,547)	(41,039)	-	(845,586)
Airport infrastructure	(1,452,421)	(28,380)	-	(1,480,801)
Land improvements	(3,357,451)	(32,655)	-	(3,390,106)
Office furniture and fixtures	(10,561)	(5,511)	-	(16,072)
Total accumulated depreciation	<u>(8,347,891)</u>	<u>(286,402)</u>	<u>-</u>	<u>(8,634,293)</u>
Total capital assets being depreciated, net	<u>5,041,007</u>	<u>508,905</u>	<u>-</u>	<u>5,549,912</u>
Business-Type Activities Capital Assets, Net	<u><u>\$ 5,738,086</u></u>	<u><u>\$ 508,905</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,246,991</u></u>

TOWN OF BUENA VISTA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 4: INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of December 31, 2011 was as follows:

<u>Due From</u>	<u>Due To</u>	
Airport Fund	General Fund	<u>\$282,457</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Transfers for 2011 were as follows:

	<u>Transfers Out</u>	<u>Transfers In</u>
General	\$ 568,000	\$ -
Airport	-	143,000
Capital Improvement	-	425,000
	<u>\$ 568,000</u>	<u>\$ 568,000</u>

Transfers are used to move unrestricted General Fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

NOTE 5: LONG-TERM DEBT

As of December 31, 2011, the Town has the following long-term debt outstanding for business-type activities:

A. Colorado Water Resources And Power Development Authority (CWRPDA) Loan

On June 1, 1998, the Town entered a \$1,324,120 loan agreement with CWRPDA, the proceeds of which were utilized to construct a 600,000 gallon water storage tank, a transmission pipeline, and an extension of the infiltration system, a new well, and related equipment for the Water Enterprise Fund. Principal, interest, and administrative fee payment (which are reported as interest expense on the financial statements) are due annually on February 1 and August 1 through 2018.

The loan agreement contains various restrictive covenants and requirements, including maintenance of a three month operating and maintenance reserve. In addition, the loan agreement requires the Town to establish water rates at a level sufficient to cover operating expenses, as defined in the agreement, 110% of the current year debt service costs on this loan, any amount required to be paid into a debt service reserve account for that year, debt service for the current year on any subordinated debt, and any other amounts to be paid out of current year operations.

TOWN OF BUENA VISTA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 5: LONG-TERM DEBT (Continued)

B. Compensated Absences

The Town has a policy for the accumulation of paid vacation, compensatory and sick leave, subject to certain limits. Only full-time regular employees and Town officers with full-time positions are eligible for these benefits. Earned vacation leave accrues on a graduated scale and may be accumulated up to two years vacation time earned. Non-exempt employees may elect to receive compensatory leave time in lieu of cash for overtime pay earned. Sick leave accrues at the rate of 8 hours per month and may be accumulated up to a maximum of 480 hours. An employee with more than 480 hours of sick leave on their hiring anniversary date is paid at 50% of their current hourly rate for all hours in excess of 480 hours and the accumulated sick leave is reduced to 480 hours. After 5 years of continuous service, accumulated sick leave is paid upon termination at the rate of 50% of current hourly rate for all sick leave hours accumulated.

The estimated liability for accrued leave for the Water and Airport Funds is recorded in the proprietary fund statements and the business-type activities column of the government-wide financial statement. The estimated liability for accrued leave for the General Fund is reflected in the governmental activities column of the government-wide financial statements. The Capital Improvement and Conservation Trust Funds have no liability for accrued leave.

C. Long-Term Liabilities - Activity And Debt Service Schedules

Long-term liability activity for the year ended December 31, 2011 was as follows:

	Balance January 1, 2011	Issued	Retired	Balance December 31, 2011	Due Within One Year
Governmental Activities					
Compensated absences	\$ 79,123	\$ -	\$ -	\$ 79,123	\$ -
Total Governmental Activities	<u>\$ 79,123</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,123</u>	<u>\$ -</u>
	Balance January 1, 2011	Issued	Retired	Balance December 31, 2011	Due Within One Year
Business-Type Activities					
1998 CWRPDA Loan	\$ 606,888	\$ -	\$ 66,206	\$ 540,682	\$ 71,723
Compensated absences	8,714	-	-	8,714	-
Total Business-Type Activities	<u>\$ 615,602</u>	<u>\$ -</u>	<u>\$ 66,206</u>	<u>\$ 549,396</u>	<u>\$ 71,723</u>

TOWN OF BUENA VISTA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 5: LONG-TERM DEBT (Continued)

Aggregate annual debt service requirements at December 31, 2011 are as follows:

<u>Payment</u>	<u>Principal</u>	<u>Interest</u>	<u>Administrative Fee</u>	<u>Total</u>	<u>Balance December 31</u>
2012	\$ 71,723	\$ 14,812	\$ 10,593	\$ 97,128	\$ 468,959
2013	71,723	12,847	10,593	95,163	397,236
2014	71,723	10,882	10,593	93,198	325,513
2015	77,240	8,918	10,593	96,751	248,273
2016	77,240	6,802	9,269	93,311	171,033
2017-2018	171,033	7,103	10,593	188,729	-
	<u>\$ 540,682</u>	<u>\$ 61,364</u>	<u>\$ 62,234</u>	<u>\$ 664,280</u>	

D. Operating Leases

The Town is committed under various leases for office equipment. For accounting purposes, these leases are considered to be operating leases, and therefore, the liability and the related assets have not been recorded in these financial statements.

NOTE 6: EMPLOYEE RETIREMENT COMMITMENTS

A. Police Department Money Purchase Pension Plan

The Town contributes to a single-employer defined contribution money purchase pension plan (the Pension Plan) on behalf of all full-time police officers. The contribution requirements of Pension Plan participants and the Town are established, and may be amended, by the Board of Trustees.

All full-time sworn police employees of the Town are eligible to participate in the Plan. The Town is required to contribute 8% of each participating employee's compensation, and each employee must contribute an equal matching amount. Employees may also make voluntary contributions to the Pension Plan but may not contribute in excess of 10% of their compensation. Employee contributions to the Pension Plan become immediately vested while Town contributions are fully vested after six years. Unvested contributions are returned to the Town when an employee terminates employment and cashes out of the Pension Plan and are recognized on the financial statements as revenue in the year received.

For the year ended December 31, 2011, the Town contributed \$26,105 to the Pension Plan on behalf of participating employees. Pension Plan participants made equal contributions in 2011. Unvested prior year contributions from previous employees of \$9,911 were received in 2011.

TOWN OF BUENA VISTA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 6: EMPLOYEE RETIREMENT COMMITMENTS (Continued)

All Pension Plan investments are managed by Oppenheimer Funds. As the Town is neither the administrator nor the trustee of the Pension Plan, it has no liability for losses under the plan. Consequently, the Pension Plan is not part of the Town's financial statements.

B. General Employees Retirement Plan - Section 401(a) Plan

For all regular full-time employees, other than police officers, the Town contributes to a cost-sharing multiple-employer defined contribution pension plan (the Retirement Plan). The Retirement Plan, which is administered by Colorado County Officials and Employees Retirement Association (CCOERA), offers employees who have been with the Town for six months and that work at least 32 hours per week every month of the year, the opportunity to build retirement savings by pre-tax contributions of 3% of salary, which are matched with Town contributions. Employee contributions to the Pension Plan become immediately vested. Town contributions are vested at an annual rate of 25%. Town contributions become fully vested after four years. The contribution requirements of Retirement Plan participants and the Town are established, and may be amended, by the Board of Trustees. Unvested employer contributions are returned to the Town when an employee terminates employment and cashes out of the Retirement Plan. The amounts returned are recognized on the financial statements as revenue in the year received.

For the year ended December 31, 2011, the Town contributed \$22,939 to the Retirement Plan on behalf of participating employees. Participants of the Retirement Plan made equal matching contributions in 2011. No unvested contributions were returned to the Town in 2011.

CCOERA is also the Trustee of the Retirement Plan and, accordingly, the Town has no liability for losses under the plan. Consequently, the Retirement Plan is not part of the Town's financial statements.

C. Deferred Compensation Plan

All employees are eligible to participate in a deferred compensation plan that was created in accordance with the Internal Revenue Code section 457 (the Deferred Compensation Plan). The Deferred Compensation Plan, which is administered by CCOERA, permits participants to defer a portion of their salary until future years. All compensation deferred under the Deferred Compensation Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are to be held in trust for the exclusive benefit of the participants and their beneficiaries. Compensation deferred under the Deferred Compensation Plan is not available to employees until termination, retirement, death, or unforeseeable emergency.

TOWN OF BUENA VISTA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 6: EMPLOYEE RETIREMENT COMMITMENTS (Continued)

Participants may elect to defer any percentage of their annual compensation, provided that the total annual contribution does not exceed limitations established by the Internal Revenue Service. The Town does not contribute to the Deferred Compensation Plan.

The individual participants determine investment decisions within the Deferred Compensation Plan and, therefore, the Deferred Compensation Plan's investment concentration varies between participants.

CCOERA is also the Trustee of the Deferred Compensation Plan and, accordingly, the Town has no liability for losses under the plan. Consequently, the Deferred Compensation Plan is not part of the Town's financial statements.

D. Death And Disability Benefits

Death and disability coverage is provided to full-time police officers through the Statewide Death and Disability Plan, which is administered by the FPPA. During the past year, the Town's required contribution rate was 2.6% of base salary for members. Total Town contributions to this plan totaled \$6,720 during 2011. Employees are not required to contribute to this plan.

E. Volunteer Firefighters' Pension Plan

1. Plan Description

The Town provides a defined benefit pension plan for volunteer fire fighters (the Plan), affiliated with FPPA. Assets of the Plan are comingled for investment purposes in the Fire and Police Member's Benefit Fund, an agent multiple-employer defined benefit pension Plan administered through FPPA.

FPPA issues a publicly available annual financial report that includes the assets of the Plan. That report may be obtained by writing to FPPA of Colorado, 5290 DTC Parkway, Suite 100, Englewood, Colorado 80111 or by calling FPPA at (303) 770-3772 in the Denver Metro area, or 1-800-332-FPPA (3772) from outside the metro area.

The Plan, as established and amended by the Plan's Board of Trustees through the Bylaws, provides for a monthly pension of \$220 for volunteers who have satisfied the normal age and service requirements and pro rata pensions for volunteers who have satisfied the normal age but only a portion of the service requirement. It further provides death benefits and a partial pension (50% of the amount the volunteer has earned) for surviving spouses. The normal age and service requirement is the date a volunteer reaches 50 years of age and completes 20 years of service. Pro-rata pensions would apply to volunteers who reached 50 years of age and had between 10 and 20 years of service.

TOWN OF BUENA VISTA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 6: EMPLOYEE RETIREMENT COMMITMENTS (Continued)

2. Basis Of Accounting

The financial statements of the Plan are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. The investments are presented at fair value except for short-term investments recorded at cost, which approximates fair value.

3. Funding Policy

Participating volunteer firefighters do not contribute to the pension plan. Contributions to the Plan are made by the Town and through a 90% matching grant from the State of Colorado. The contribution requirements of the Plan are established under Title 31, Article 30 of the Colorado Revised Statutes, as amended. The Town contributed \$12,000 to the Plan for the year ended December 31, 2011. The state match was \$10,800 for the year ended December 31, 2011, which was paid 12/29/11 and not received by FPPA until 2012 and thus is not included in the ending balance of \$326,892.

4. Actuarial Information

An actuarial firm determined the Annual Required Contribution as of the January 1, 2011 study (the most recent prepared) using the "entry age" actuarial cost method. The significant actuarial assumptions used in the January 1, 2011 valuation were:

- a.** Interest rate - 8% per annum
- b.** Retirement - Age 50 and 20 years of service
- c.** Inflation - 3.5%
- d.** Amortization method - Level dollar - open
- e.** Asset valuation method - 3-year smoothed fair market value
- f.** Changes in actuarial assumptions from 2007 - No changes from the 2007 valuation
- g.** Changes in actuarial methods from 2007 - Removed the corridor and moved from a method of individual investment income gain or loss base recognition to aggregate investment income gain or loss base recognition.

The following information is based on the most recent actuarial studies available:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Liability	Funded Ratio	Annual Covered Payroll	Liability as a % of Covered Payroll
1/1/2011	\$ 336,976	\$ 384,738	\$ 47,762	87.6%	\$ -	-
1/1/2009	\$ 294,650	\$ 374,766	\$ 80,116	78.6%	\$ -	-
1/1/2007	\$ 303,205	\$ 353,567	\$ 50,662	85.8%	\$ -	-

TOWN OF BUENA VISTA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 7: GOVERNMENTAL FUND BALANCE COMPOSITION

As of December 31, 2011, fund balance components consist of the following:

	General Fund	Conservation Trust Fund	Capital Improvements Fund	Total Governmental Funds
Restricted for:				
Emergencies (TABOR)	\$ 64,394	\$ -	\$ -	\$ 64,394
Street Improvements	-	-	195,554	195,554
	<u>\$ 64,394</u>	<u>\$ -</u>	<u>\$ 195,554</u>	<u>\$ 259,948</u>
Committed for:				
Developer landscape improvements	\$ -	\$ -	\$ -	\$ -
Street Improvements	-	-	350,000	350,000
Open space, parks, and trails	-	-	77,048	77,048
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 427,048</u>	<u>\$ 427,048</u>
Assigned to:				
Volunteer firefighter grant matching	\$ 109,264	\$ -	\$ -	\$ 109,264
Purchase of fire truck	16,165	-	-	16,165
Parks and recreation	-	23,203	-	23,203
Capital improvements	-	-	188,906	188,906
	<u>\$ 125,429</u>	<u>\$ 23,203</u>	<u>\$ 188,906</u>	<u>\$ 337,538</u>

TOWN OF BUENA VISTA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 8: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. TABOR Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20; commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government. Any revenues earned in excess of the fiscal year spending limit must be refunded in the next fiscal year, unless voters approve retention of such excess revenue.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR also requires local governments to establish an emergency reserve to be used to declare emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. The reserve is calculated at 3% of fiscal year spending. Fiscal year spending excludes bonded debt service and enterprise spending. The Town has reserved \$74,458, which is the approximate required reserve at December 31, 2011.

The Town's voters approved the following ballot issue on November 6, 2001:

Excluding ad valorem property taxes and rates, and without creating any new taxes, increasing any tax rate, or adding any new taxes of any kind, shall the Town of Buena Vista, Colorado, be permitted to collect, retain, and spend, for the fiscal year of 2001 and for each and every year thereafter, the full proceeds of the Town's taxes, grants and other revenues for expenditure on lawful municipal purposes, notwithstanding any State of Colorado restrictions on spending including the restrictions of Article X, Section 20 of the Constitution of the State of Colorado, and that these shall each constitute a voter approval revenue change?

The Town's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

TOWN OF BUENA VISTA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 9: RISK MANAGEMENT

The Town is exposed to various risks of loss related to workers compensation and general liability. The Town has acquired commercial coverage for these risks and any settled claims are not expected to exceed the commercial insurance coverage.

The Town is also exposed to the risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions. To address such risks, the Town is a participant in the public entity risk pool administered by Colorado Intergovernmental Risk Sharing Agency (CIRSA).

CIRSA's operations are funded by contributions from member governments. Coverage is provided in the amount of \$500,000 per claim or occurrence for property damage, \$600,000 per claim or occurrence for liability, and \$150,000 per claim or occurrence for crime. CIRSA has also acquired additional excess coverage from outside sources. While the Town may be liable for any losses in excess of this coverage, the Town does not anticipate losses at December 31, 2011. No settlements of claims against the Town in the last three years have exceeded the Town's coverage.

Surpluses or deficits realized by CIRSA for any given year are subject to change for such reasons as interest earnings on invested amounts for those years and funds, re-estimation of losses for those years and funds, and credits or distributions from surplus for those years and funds. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members. The board of directors may credit member municipalities' future contributions in the event of a surplus. Although it has never occurred, CIRSA member municipalities are subject to a supplemental assessment in the event of a deficiency.

For 2011, the Town's deductible for property and liability claims per occurrence is \$1,000 for each. The auto liability deductible and the auto physical damage deductible are both \$1,000 per occurrence.

The Town carries no deductible for workers Compensation coverage. CIRSA's coverage for workers' compensation claims are the Colorado statutory limits of \$500,000 per occurrence and \$1,000,000 for employer liability.

The Town also carries accident medical insurance coverage for volunteers through CIRSA. This provides a medical coverage for a minor injury a volunteer receives when serving the Town in a volunteer capacity such as a community service worker, volunteer trail work, or volunteer coaching for recreation. Coverage is \$15,000 per occurrence with a \$25 deductible.

TOWN OF BUENA VISTA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 10: COMMITMENTS AND CONTINGENCIES

A. Legal Claims

The Town is a defendant in a number of lawsuits pertaining to matters which are incidental to performing routine governmental and other functions. Based on the current status of these legal proceedings, it is the opinion of management that they will not have a material effect on the Town's financial position.

B. Federal And State Grants And Financial Sources

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Such audits could lead to reimbursements to the grantor agencies. It is the opinion of management that such reimbursements, if any, will not have a material effect on the Town's financial position.

NOTE 11: SUBSEQUENT EVENTS

The Town has performed an evaluation of subsequent events through August 29, 2012, which is the date the financial statements were available to be issued. The evaluation did not result in any subsequent events that required disclosures and/or adjustments except for the following:

In April of 2012, voters approved a debt increase of \$3,000,000 funded by new sales tax revenue bonds for the purpose of constructing and installing street improvements such as sidewalks, curbs, gutters, and incidentals. The bonds had not been approved for issuance as of August 29, 2012.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF BUENA VISTA, COLORADO

BUDGETARY COMPARISON SCHEDULE
FOR THE GENERAL FUND

For the Year Ended December 31, 2011

With Comparative Totals for the Year Ended December 31, 2010

	2011			VARIANCE	2010
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	POSITIVE (NEGATIVE)	ACTUAL
REVENUES					
Taxes:					
General property	\$ 301,119	\$ 301,119	\$ 299,047	\$ (2,072)	\$ 294,113
Specific ownership	31,896	31,896	35,313	3,417	32,135
Franchise fees	60,132	60,132	60,659	527	58,607
General sales	1,671,329	1,670,101	1,774,035	103,934	1,906,870
Mineral severance	9,000	9,000	14,504	5,504	8,623
Cigarette	11,566	11,566	9,865	(1,701)	11,927
Total Taxes	<u>2,085,042</u>	<u>2,083,814</u>	<u>2,193,423</u>	<u>109,609</u>	<u>2,312,275</u>
Charges for Services:					
Business licenses	16,409	16,409	26,238	9,829	21,407
Building and development fees	4,661	4,661	2,037	(2,624)	18,591
Other permits and fees	15,577	15,812	25,355	9,543	12,068
Recreation fees and permits	38,700	31,300	31,818	518	33,824
Fines	26,501	26,501	18,234	(8,267)	26,331
Cemetery fees	5,606	5,606	10,750	5,144	5,440
Lease income	8,079	8,079	7,870	(209)	8,589
Total Charges for Services	<u>115,533</u>	<u>108,368</u>	<u>122,302</u>	<u>13,934</u>	<u>126,250</u>
Intergovernmental:					
Highway users tax	121,352	121,352	115,997	(5,355)	114,925
County road and bridge tax	3,105	3,105	3,180	75	3,052
Grants	5,000	5,000	12,780	7,780	10,821
Motor vehicle registration	13,710	13,710	13,883	173	13,691
Total Intergovernmental	<u>143,167</u>	<u>143,167</u>	<u>145,840</u>	<u>2,673</u>	<u>142,489</u>
Other Revenues					
Contributions	800	4,625	7,500	2,875	3,928
Earnings on investments	2,298	2,298	2,958	660	5,381
Other revenue	5,777	26,027	15,529	(10,498)	17,991
Total Other Revenues	<u>8,875</u>	<u>32,950</u>	<u>25,987</u>	<u>(6,963)</u>	<u>27,300</u>
TOTAL REVENUES	<u>2,352,617</u>	<u>2,368,299</u>	<u>2,487,552</u>	<u>119,253</u>	<u>2,608,314</u>

(Continued)

See the accompanying Independent Auditors' Report.

TOWN OF BUENA VISTA, COLORADO

BUDGETARY COMPARISON SCHEDULE

FOR THE GENERAL FUND

For the Year Ended December 31, 2011

With Comparative Totals for the Year Ended December 31, 2010

	2011				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	2010 ACTUAL
EXPENDITURES					
General Government:					
Mayor and Board of Trustees	21,958	36,958	36,504	454	18,168
Town Clerk	83,218	89,218	68,673	20,545	73,517
Municipal Court	61,042	61,042	60,544	498	57,018
Town Administrator	295,023	319,234	282,527	36,707	300,616
Financial Administration	118,849	118,849	119,614	(765)	103,774
Town Hall Operations	24,449	24,449	23,618	831	-
Public Support	19,315	22,500	19,292	3,208	17,191
Elections	4,663	4,663	86	4,577	4,695
Total General Government	<u>628,517</u>	<u>676,913</u>	<u>610,858</u>	<u>66,055</u>	<u>574,979</u>
Public Safety:					
Police	663,189	666,116	625,526	40,590	615,074
Fire	67,898	94,140	76,218	17,922	56,609
Public Safety Complex	18,367	19,367	18,863	504	18,006
Total Public Safety	<u>749,454</u>	<u>779,623</u>	<u>720,607</u>	<u>59,016</u>	<u>689,689</u>
Community Services					
Development	120,799	99,601	94,653	4,948	115,212
Community Center	33,536	32,036	30,323	1,713	28,361
Public Television	14,901	14,901	13,464	1,437	8,660
Total Community Services	<u>169,236</u>	<u>146,538</u>	<u>138,440</u>	<u>8,098</u>	<u>152,233</u>
Public Works:					
Streets and Properties - Maintenance and Improvements	<u>528,970</u>	<u>547,970</u>	<u>472,074</u>	<u>75,896</u>	<u>490,944</u>
Culture and Recreation:					
Parks	174,669	189,169	160,582	28,587	142,572
Cemetery	12,054	14,053	10,722	3,331	8,027
Recreation Programs	50,084	45,084	33,188	11,896	40,595
Total Culture and Recreation	<u>236,807</u>	<u>248,306</u>	<u>204,492</u>	<u>43,814</u>	<u>191,194</u>
TOTAL EXPENDITURES	<u>2,312,984</u>	<u>2,399,350</u>	<u>2,146,471</u>	<u>252,879</u>	<u>2,099,039</u>
Other Financing Sources (Uses)					
Bad Debt Expense	-	-	(55,592)	55,592	-
Developer Maintenance Fees	-	-	-	-	50,000
Insurance Proceeds	-	-	71	(71)	11,853
Transfers In (Out)	<u>(568,000)</u>	<u>(568,000)</u>	<u>(568,000)</u>	<u>-</u>	<u>(285,000)</u>
Total Other Financing Sources	<u>(568,000)</u>	<u>(568,000)</u>	<u>(623,521)</u>	<u>55,521</u>	<u>(223,147)</u>
Net Change in Fund Balance	(528,367)	(599,051)	(282,440)	(78,105)	286,128
Fund Balances - Beginning of Year	<u>2,264,432</u>	<u>2,264,432</u>	<u>2,264,432</u>	<u>-</u>	<u>1,978,304</u>
Fund Balances - End of Year	<u>\$ 1,736,065</u>	<u>\$ 1,665,381</u>	<u>\$ 1,981,992</u>	<u>\$ (78,105)</u>	<u>\$ 2,264,432</u>

See the accompanying Independent Auditors' Report.

TOWN OF BUENA VISTA, COLORADO

BUDGETARY COMPARISON SCHEDULE
FOR THE CONSERVATION TRUST FUND

For the Year Ended December 31, 2011

With Comparative Totals for the Year Ended December 31, 2010

	2011			
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	2010 ACTUAL
REVENUES				
Lottery proceeds	21,000	21,322	322	20,246
Interest income	52	32	(20)	48
TOTAL REVENUES	<u>21,052</u>	<u>21,354</u>	<u>302</u>	<u>20,294</u>
EXPENDITURES				
Park maintenance	<u>20,435</u>	<u>19,058</u>	<u>1,377</u>	<u>13,001</u>
Net Change in Fund Balance	617	2,296	(1,075)	7,293
FUND BALANCE - Beginning of Year	<u>20,907</u>	<u>20,907</u>	<u>-</u>	<u>13,614</u>
FUND BALANCE - End of Year	<u>\$ 21,524</u>	<u>\$ 23,203</u>	<u>\$ (1,075)</u>	<u>\$ 20,907</u>

See the accompanying Independent Auditors' Report.

OTHER SUPPLEMENTARY INFORMATION

TOWN OF BUENA VISTA, COLORADO

BUDGETARY COMPARISON SCHEDULE
FOR THE CAPITAL IMPROVEMENTS FUND

For the Year Ended December 31, 2011

With Comparative Totals for the Year Ended December 31, 2010

	2011			VARIANCE	2010
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	POSITIVE (NEGATIVE)	ACTUAL
REVENUES					
Sales taxes	\$ 253,290	\$ 253,290	\$ 272,130	\$ 18,840	\$ 495,922
Contributions	13,200	8,200	12,254	4,054	45,809
Grants	384,129	245,000	298,754	53,754	291,773
Interest income	2,550	2,550	647	(1,903)	224
TOTAL REVENUES	653,169	509,040	583,785	74,745	833,728
EXPENDITURES					
General Government					
Computer software and hardware	-	-	-	-	49,770
Town hall repairs	-	-	-	-	22,740
Office equipment/furniture	15,000	10,500	12,346	(1,846)	1,744
Total General Government	15,000	10,500	12,346	(1,846)	74,254
Public Safety					
Police vehicles	28,000	-	690	(690)	26,063
Fire fighting equipment	7,000	7,000	3,772	3,228	3,773
Office equipment/furniture	27,000	27,000	24,592	2,408	-
Total Public Safety	35,000	34,000	29,054	4,946	29,836
Public Works					
Vehicles and equipment	20,000	137,000	-	137,000	42,488
Lease payments	-	-	-	-	21,913
Street improvements	302,645	322,845	162,354	160,491	113,433
Total Public Works	322,645	459,845	162,354	297,491	177,834
Culture and Recreation					
Park improvements	595,503	124,200	112,665	11,535	182,677
Park vehicles and equipment	-	-	-	-	21,283
Total Culture and Recreation	595,503	124,200	112,665	11,535	203,960
TOTAL EXPENDITURES	968,148	628,545	316,419	312,126	485,884
Excess (Deficiency) of Revenues Over Expenditures	(314,979)	(119,505)	267,366	(237,381)	347,844
Other Financing Sources					
Transfers in	-	425,000	425,000	-	100,000
Net Change in Fund Balance	(314,979)	305,495	692,366	(237,381)	447,844
FUND BALANCE - Beginning of Year	119,142	119,142	119,142	-	(328,702)
FUND BALANCE - End of Year	\$ (195,837)	\$ 424,637	\$ 811,508	\$ (237,381)	\$ 119,142

See the accompanying Independent Auditors' Report.

TOWN OF BUENA VISTA, COLORADO

WATER FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN NET ASSETS -
BUDGET AND ACTUAL

For the Year Ended December 31, 2011
With Comparative Totals for the Year Ended December 31, 2010

	2011			VARIANCE	2010
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	POSITIVE (NEGATIVE)	ACTUAL
REVENUES					
Water sales	\$ 723,608	\$ 723,608	\$ 734,354	\$ 10,746	\$ 703,475
Water meter sales	3,800	3,800	8,203	4,403	5,263
Finance charges	10,345	10,345	10,540	195	11,572
Investment income	2,000	2,000	3,196	1,196	13,066
System development fees	70,000	84,000	102,643	18,643	72,488
Other fees	2,550	2,550	1,056	(1,494)	870
Other revenues	-	-	4,992	4,992	-
TOTAL REVENUES	812,303	826,303	864,984	38,681	806,734
EXPENDITURES					
Salaries and benefits	258,868	275,868	252,535	23,333	231,892
Professional services	103,339	103,339	105,147	(1,808)	47,108
Meters, materials and freight	9,500	13,500	18,443	(4,943)	30,034
Insurance	6,890	6,890	6,520	370	15,247
Other general and administrative	32,376	34,876	24,771	10,105	16,866
Utilities	20,366	20,365	16,548	3,817	1,551
Repairs and maintenance	92,804	74,803	53,606	21,197	11,498
Plant and building operations	141,939	166,939	2,530	164,409	49,508
Capital outlay	71,000	64,000	158,923	(94,923)	66,372
Debt principal payments	66,206	66,206	66,206	-	234,206
Debt interest and fiscal charges	27,229	27,229	26,515	714	28,260
TOTAL EXPENDITURES	830,517	854,015	731,744	122,271	732,542
CHANGE IN NET ASSETS - BUDGET BASIS	(18,214)	(27,712)	133,240	160,952	74,192
RECONCILIATION TO GAAP BASIS:					
Depreciation			(164,245)		(161,117)
Amortization			(1,206)		(4,966)
Capitalized assets			158,923		47,245
Capital contributions from developers			386,849		850,414
Debt principal payments			66,206		234,206
Total GAAP basis adjustments			446,527		965,782
CHANGE IN NET ASSETS - GAAP BASIS			\$ 579,767		\$ 1,039,974

See the accompanying Independent Auditors' Report.

TOWN OF BUENA VISTA, COLORADO

AIRPORT ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN NET ASSETS -
BUDGET AND ACTUAL

For the Year Ended December 31, 2011
With Comparative Totals for the Year Ended December 31, 2010

	2011				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	2010 ACTUAL
REVENUES					
Charges for services:					
Fuel sales	\$ 250,750	\$ 250,750	\$ 291,104	\$ 40,354	\$ 8,518
Rental revenue	2,477	2,477	2,122	(355)	1,139
Other fees and sales	11,825	65,225	84,189	18,964	(6,318)
Grant revenue	61,202	295,221	260,792	(34,429)	232,971
Transfers	-	143,000	143,000	-	2,500
Other taxes	1,800	1,800	2,207	407	12,906
Interest income	37	37	69	32	2,228
TOTAL REVENUES	<u>328,091</u>	<u>758,510</u>	<u>783,483</u>	<u>24,973</u>	<u>253,944</u>
EXPENDITURES					
Fuel cost	211,061	240,061	233,087	6,974	(200)
Salaries and benefits	89,440	89,440	87,095	2,345	83,961
Professional services	16,600	16,600	7,747	8,853	40,138
Insurance	17,999	17,999	15,081	2,918	-
Other general and administrative	9,413	27,213	23,482	3,731	132,602
Utilities	12,753	12,753	17,291	(4,538)	9,995
Repairs and maintenance	9,700	8,900	13,472	(4,572)	5,782
Airport and weather station operations	5,800	5,800	8,111	(2,311)	3,500
Capital outlay	490,796	536,796	250,062	286,734	10,354
TOTAL EXPENDITURES	<u>863,562</u>	<u>955,562</u>	<u>655,428</u>	<u>300,134</u>	<u>286,132</u>
CHANGE IN NET ASSETS - BUDGET BASIS	<u>\$ (535,471)</u>	<u>\$ (197,052)</u>	128,055	<u>\$ (275,161)</u>	(32,188)
RECONCILIATION TO GAAP BASIS:					
Depreciation			(122,157)		(114,999)
Capitalized assets			249,535		265,136
Total GAAP basis adjustments			<u>127,378</u>		<u>150,137</u>
CHANGE IN NET ASSETS - GAAP BASIS			<u>\$ 255,433</u>		<u>\$ 117,949</u>

See the accompanying Independent Auditors' Report.

STATE REQUIRED REPORT SECTION

The public report burden for this information collection is estimated to average 380 hours annually.

LOCAL HIGHWAY FINANCE REPORT		City or County:	Town of Buena Vista
		YEAR ENDING :	December 2011
This Information From The Records Of Town of Buena Vista		Prepared By:	Michael J Hickman
		Phone:719-395-8643	Ext 17

I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE

ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	228,351
3. Other local imposts (from page 2)	307,443
4. Miscellaneous local receipts (from page 2)	10,441
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	546,235
B. Private Contributions	
C. Receipts from State government (from page 2)	122,650
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	668,885

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	141,648
2. Maintenance:	66,049
3. Road and street services:	
a. Traffic control operations	5,846
b. Snow and ice removal	14,493
c. Other - Street Lighting	49,327
d. Total (a. through c.)	69,666
4. General administration & miscellaneous	39,672
5. Highway law enforcement and safety	58,463
6. Total (1 through 5)	375,498
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
3. Total (1.c + 2.c)	0
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total disbursements (A.6 + B.3 + C + D)	375,498

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)				0
1. Bonds (Refunding Portion)				
B. Notes (Total)				0

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		668,885	375,498	293,387	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2011	

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	7,499
1. Sales Taxes	272,130	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	35,313	g. Other Misc. Receipts	
6. Total (1. through 5.)	307,443	h. Other Stree openinf fees	2,942
c. Total (a. + b.)	307,443	i. Total (a. through h.)	10,441
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	106,567	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	12,903	d. Federal Transit Admin	
d. Other (Specify) County Road & Br	3,180	e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	16,083	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	122,650	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		141,648	141,648
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	141,648	141,648
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	141,648	141,648
			(Carry forward to page 1)

Notes and Comments: